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25 January 1961

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CENTRAL

INTELLIGENCE

BULLETIN



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TOP SECRET

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| UAR-Africa: On 23 January President Nasiraddressing the UAR National Assemblyagain attacked Western "imperialist" policies in Algeria and the Congo, claiming they are designed to divide and suppress the people of Africa. Nasir also called for the end of "imperialist maneuvers" in the United Nations, which he described as the proper instrument for accomplishing African freedom and prosperity. He repeated previous warnings on the alleged role of Israel as one of imperialism's tools in Africa. Nasir's continued interference in African affairs is bringing him into sharper conflict with the West and contributing to a drift away from his avowed policy of "positive neutrality" and toward a greater dependence on the Communist bloc for diplomat and material support. Cairo is giving refuge and financial assistance to many radical African nationalist and Nasir has personally tried to pressure African chiefs of state into following his policies. West Germany: A West German Foreign Ministry official told American officials in Bonn that the East Germans are continuing to require passes for West Germans entering East Berlin, but that Bonn expects a de facto relaxation of the pass requirement probably by the end of January or early February. Such a relaxation was one of the major points of the agreement |] 25X g sts |
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on 29 December which allowed West - East German interzonal trade to continue. The East German negotiator has claimed the delay is a "face-saving" device of the Ulbricht regime and implied it would be only temporary. Nevertheless, Bonn is still urging that NATO restrictions on travel of East Germans to NATO countries be continued pending clear evidence of East German compliance with the terms of the agreement. The Allied restrictions and Bonn's cancellation of the trade agreement last fall were precipitated by the East German imposition last September of new controls on the travel of West Germans to and within Berlin.

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El Salvador: The Salvadoran armed forces, gravely concerned over the steady Communist gains since the 26 October coup replaced the weak administration of President Lemus with a six-man military-civilian junta, may oust the junta if convinced that it does not intend to implement the commitments extracted on 16 January. The military leaders are reportedly receiving only partial compliance with their 16 January demands that the governing junta curtail Communist and pro-Castro activity in El Salvador.

The military leaders appear to have resolved at least partially the differences among themselves. Many officers, however, still fear taking any drastic action that might lead to bloodshed and the assumption of unpopular political re-

sponsibilities by the army.

Meanwhile, the Communists are steadily strengthening their mass support for any showdown with the military. Since October, Communists and pro-Communists have been appointed to important posts throughout the bureaucracy and have been permitted free rein outside the government. Their drive to organize the peasants is progressing rapidly throughout the country and they are increasing their influence in labor and student groups.

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Bolivia: Agitation among tin miners led by Communists and extreme leftists threatens to disrupt an arrangement whereby the US and West Germany are cooperating with Bolivia to reorganize and re-equip the tin mines on which Bolivia's economy depends. The West German Government may withdraw its technicians, who are essential to the project, should the present unrest lead to the violence which is characteristic of Bolivia's mining areas. An increase in extremist agitation has been brought about in recent months by Soviet overtures concerning economic aid, including a \$150,-000,000 credit offer.

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Agitation by Leftist Extremists Impedes Western Economic Aid Plan in Bolivia

Agitation led by leftist extremists is impeding a triangular US - West German - Bolivian plan to reorganize and reequip the tin mines, which are the basis of Bolivia's economy. The government has just settled a strike, which began on 17 January and prevented an initial survey of the mines, but continued agitation may prompt West Germany to withdraw its technicians, who are vital to the project.

The triangular plan is West Germany's first substantial venture in economic assistance to a Latin American country. The Bonn government is backing a private firm's offer to provide financial, technical, and managerial skill for the mines, where production has declined since 1945. The United States has supplemented the German offer with a \$10,000,000 credit for mine development.

The five-month-old administration of President Paz Estenssoro is under strong domestic pressure to make demonstrable progress in economic development, especially since Paz is the leader of the party which won the sweeping leftist revolution of 1952 but has since been unable to improve living standards substantially.

Extremist agitation has been increased in recent months by Soviet overtures concerning economic aid, particularly Soviet offers to construct a tin smelter in Bolivia and to extend a \$150,000,000 credit. Previously the largest credit offers by the USSR in Latin America have been \$100,000,000 each to Argentina and Cuba.

| A press report on 21 January stated that President Paz hannounced Soviet offers of aid for hydroelectric power and learning, probably as projects under the proposed \$150,000,000 credit. Earlier this month a Bolivian government spokesman nounced that Czechoslovakia had decided to offer to install an antimony smelter in Bolivia. | | | | | |
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The Deputy Under Secretary of State for Political Affairs

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